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7 Attorneys for Douglas E. Wance

8  
9 **UNITED STATES BANKRUPTCY COURT**  
10 **NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION**

11 In re

12 **SEDGWICK, LLP,**

13 Debtor.  
14

CASE NO. 18-31087 (HLB)

Chapter 11

**DECLARATION OF SANDOR T. BOXER**

15 Date: March 21, 2019

16 Time: 10:00 a.m.

17 Place: United States Bankruptcy Court  
450 Golden Gate Avenue  
16<sup>th</sup> Floor  
Courtroom 19  
San Francisco, California  
94102

18 Judge: Hon. Hannah L. Blumenstiel  
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1 I, Sandor T. Boxer, declare as follows:

2 1. I am an attorney at law, duly authorized and licensed to practice law in  
3 the state of California and before this Court and I had the responsibility to timely  
4 file the proof of claim of Douglas E. Wance (“Wance”) before this Court.

5 2. I have personal knowledge of all of the facts set forth in this  
6 Declaration and if were called as a witness I would, and could, testify competently  
7 as to these facts.

8 3. I have practiced law since 1965 with a significant part of my practice  
9 since 1966 devoted to the representation of creditors before the Bankruptcy courts.  
10 As such, I am familiar with the rules as to the deadlines for the filing of claims in  
11 the various types of Bankruptcy proceedings and the consequences of not timely  
12 filing a Proof of Claim.

13 4. In 1991 I opened my office as a sole practitioner and have continued to  
14 practice as such since that time. In September 2018 I moved my office home and  
15 continue practicing on a semi-retired basis.

16 5. Because of my concerns about the need to timely comply with  
17 deadlines, such as the filing of a Proof of Claim, in 1991 I put together a system of  
18 calendaring within my office. That system consists of two separate computer  
19 programs, into which I (and my assistant when I had one), inputted the various  
20 deadline dates, including reminders sufficiently ahead of the deadline to allow for  
21 timely compliance. Once that data is inputted, the respective computer programs are  
22 generally checked on a daily basis to spot impending deadlines.

23 6. The lynch pins of the systems I was (and am) using is the timely entry  
24 of the data as to the pending deadlines. In essence, once the deadlines and their  
25 reminders are entered, I receive a flow of timely information as the need to take  
26 action. Concomitantly, if the data is not entered into the systems (as is the case with  
27 respect to this matter), I thereafter receive no information as to the pending  
28 deadlines.

1           7.     In late November of 2018 I was contacted by Paul Chan (“Chan”), trial  
2 counsel for Wance, regarding the filing of a Proof of Claim on behalf of Wance in  
3 this Chapter 11 proceeding.

4           8.     Although Wance was not listed as a creditor and had not received the  
5 Clerk’s notice, I reviewed the relevant documents and, by the end of November,  
6 determined the deadline for the filing of the Proof of Claim.

7           9.     However, due to the press of other matters and my own inadvertence  
8 and mistake, I did not then follow my customary practice and input the data into my  
9 calendaring system as to the deadline for the filing of a Proof of Claim, along with  
10 the reminders to take action. Nor did I subsequently have any independent memory  
11 of the deadline.

12          10.    On January 28, 2019 I sat down at my computer to prepare the Proof of  
13 Claim. At that point time, I had no memory that the deadline was January 22, 2019  
14 or that the deadline had, in fact, been set.

15          11.    I began by checking the docket to see whether the Court had set a Bar  
16 Date. I was initially surprised on January 28, 2019 to learn that the Bar Date had  
17 been included in the Notice sent out by the Clerk at the outset of the filing of the  
18 case and that the deadline had passed. On further investigation I ascertained that the  
19 source of my error was my failure to input the necessary data into the calendaring  
20 systems when I first ascertained it in late November.

21          12.    Upon learning of my error, I immediately took the steps to put together  
22 a Proof of Claim, including consultations with my client as well as my client’s state  
23 court counsel.

24          13.    On January 31, 2019 I caused to be filed my client’s claim as Claim  
25 number 77. A true and correct copy of the claim is attached hereto as Exhibit 1.

26       ///

27       ///

28       ///

1 I declare under penalty of perjury under the laws of the United States of  
2 America that the foregoing is true and correct.

3 Executed February 13, 2019, at Woodland Hills, California.  
4

5 Sandor T. Boxer  
6 Sandor T. Boxer  
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## EXHIBIT 1

**Fill in this information to identify the case:**

Debtor 1 Sedgwick LLP  
 Debtor 2 \_\_\_\_\_  
 (Spouse, if filing) \_\_\_\_\_  
 United States Bankruptcy Court Northern District of California  
 Case number: 18-31087

**FILED**  
 U.S. Bankruptcy Court  
 Northern District of California  
 1/31/2019  
 Edward J. Emmons, Clerk

## Official Form 410

### Proof of Claim

04/16

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. **Do not send original documents;** they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed. That date is on the notice of bankruptcy (Form 309) that you received.

**Part 1: Identify the Claim**

1. Who is the current creditor?	<u>Douglas E. Wance</u> Name of the current creditor (the person or entity to be paid for this claim) Other names the creditor used with the debtor _____	
2. Has this claim been acquired from someone else?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. From whom? _____	
3. Where should notices and payments to the creditor be sent?  Federal Rule of Bankruptcy Procedure (FRBP) 2002(g)	<b>Where should notices to the creditor be sent?</b> <u>Douglas E. Wance</u> Name <u>Paul S. Chan, Esq.</u> <u>Bird Marella</u> <u>1875 Century Park East, 23rd Floor</u> <u>Los Angeles, CA 90067-2561</u> Contact phone <u>(310) 201-2100</u> Contact email <u>pchan@birdmarella.com</u> Uniform claim identifier for electronic payments in chapter 13 (if you use one): _____	<b>Where should payments to the creditor be sent? (if different)</b> _____ Name _____ Contact phone _____ Contact email _____
4. Does this claim amend one already filed?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Claim number on court claims registry (if known) _____ Filed on _____ <div style="text-align: right;">MM / DD / YYYY</div>	
5. Do you know if anyone else has filed a proof of claim for this claim?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Who made the earlier filing? _____	

**Part 2: Give Information About the Claim as of the Date the Case Was Filed**

<b>6. Do you have any number you use to identify the debtor?</b>	<div><input checked="" type="checkbox"/> No</div> <div><input type="checkbox"/> Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor: _____</div>
<b>7. How much is the claim?</b>	<div><div>\$ unknown _____</div><div><b>Does this amount include interest or other charges?</b> <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).</div></div>
<b>8. What is the basis of the claim?</b>	<p>Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card. Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c).</p> <p>Limit disclosing information that is entitled to privacy, such as healthcare information.</p> <p>Per Attachment, claim seeks indemnification for a former employee of Debtor .</p>
<b>9. Is all or part of the claim secured?</b>	<div><input checked="" type="checkbox"/> No</div> <div><input type="checkbox"/> Yes. The claim is secured by a lien on property. <b>Nature of property:</b> <input type="checkbox"/> Real estate. If the claim is secured by the debtor's principal residence, file a <i>Mortgage Proof of Claim Attachment</i> (Official Form 410-A) with this <i>Proof of Claim</i>. <input type="checkbox"/> Motor vehicle <input type="checkbox"/> Other. Describe: _____</div> <div><b>Basis for perfection:</b> _____</div> <div>Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.)</div> <div><b>Value of property:</b> \$ _____</div> <div><b>Amount of the claim that is secured:</b> \$ _____</div> <div><b>Amount of the claim that is unsecured:</b> \$ _____ (The sum of the secured and unsecured amounts should match the amount in line 7.)</div> <div><b>Amount necessary to cure any default as of the date of the petition:</b> \$ _____</div> <div><b>Annual Interest Rate</b> (when case was filed) _____ % <input type="checkbox"/> Fixed <input type="checkbox"/> Variable</div>
<b>10. Is this claim based on a lease?</b>	<div><input checked="" type="checkbox"/> No</div> <div><input type="checkbox"/> Yes. <b>Amount necessary to cure any default as of the date of the petition.</b> \$ _____</div>
<b>11. Is this claim subject to a right of setoff?</b>	<div><input checked="" type="checkbox"/> No</div> <div><input type="checkbox"/> Yes. Identify the property: _____</div>

<b>12. Is all or part of the claim entitled to priority under 11 U.S.C. § 507(a)?</b>	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. <i>Check all that apply:</i>	<b>Amount entitled to priority</b>
A claim may be partly priority and partly nonpriority. For example, in some categories, the law limits the amount entitled to priority.	<input type="checkbox"/> Domestic support obligations (including alimony and child support) § 507(a)(1)(A) or (a)(1)(B). \$ _____ <input type="checkbox"/> Up to \$2,850* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use. 11 U.S.C. § 507(a)(7). \$ _____ <input type="checkbox"/> Wages, salaries, or commissions (up to \$12,850*) earned within 180 days before the bankruptcy petition is filed or the debtor's business ends, whichever is earlier. 11 U.S.C. § 507(a)(4). \$ _____ <input type="checkbox"/> Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8). \$ _____ <input type="checkbox"/> Contributions to an employee benefit plan. 11 U.S.C. § 507(a)(5). \$ _____ <input type="checkbox"/> Other. Specify subsection of 11 U.S.C. § 507(a)(_) that applies \$ _____	
* Amounts are subject to adjustment on 4/01/19 and every 3 years after that for cases begun on or after the date of adjustment.		

### Part 3: Sign Below

**The person completing this proof of claim must sign and date it. FRBP 9011(b).**

If you file this claim electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what a signature is.

**A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157 and 3571.**

Check the appropriate box:

- ☐ I am the creditor.  
☒ I am the creditor's attorney or authorized agent.  
☐ I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.  
☐ I am a guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

I understand that an authorized signature on this Proof of Claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

I have examined the information in this Proof of Claim and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on date 1/31/2019  
MM / DD / YYYY

/s/ Sandor T. Boxer \_\_\_\_\_

Signature

Print the name of the person who is completing and signing this claim:

Name	Sandor T. Boxer		
	First name	Middle name	Last name
Title	Attorney for Creditor		
Company	Law office of Sandor T. Boxer		
	Identify the corporate servicer as the company if the authorized agent is a servicer		
Address	5301 Orrville Avenue		
	Number	Street	
	Woodland Hills, CA 91367		
	City	State	ZIP Code
Contact phone	8187030634		Email
			tedb@tedboxer.com



## **In re Sedgwick LLP**

### **Attachment to Proof of Claim of Douglas E. Wance**

#### **Part 2, item 7. How much is the claim?**

As set forth in the next section, this claim is based on the Claimant's right of indemnification for prospective liability to third parties arising from services provided to those parties by the Debtor and while the Claimant was an employee of the Debtor.

The Parties who brought suit against the Debtor and Claimant recently asserted that the damages asserted against Claimant, as of January 18, 2019, include

Item	Amount
Damage claim	\$1,000,000
interest on Damage claim from 6/29/10 - 1/18/19	599,200.06
Multiplier per Cal. Govt. Code §12651(a)	2,000,000
Civil Penalties	11,000
<b>Total (excluding attorney's fees and costs of suit)</b>	<b>\$3,610,200.06</b>

In addition, Claimant is entitled to be indemnified for the expenses he has incurred and will incur in the future. Claimant estimates his legal fees to defend the claims are currently in the approximate amount of \$625,000.

Attachment page 1

**Part 2, item 8. What is the basis of the claim?**

The Claimant is an attorney who was formerly employed by the Debtor. On August 16, 2013, a suit was filed against both Claimant and the Debtor in the Superior Court of Los Angeles County, case no. BC518653. The suit seeks, among other relief, damages against Claimant arising from the services he performed while employed by Debtor. Claimant, as an employee, is entitled to indemnification from his employer, the Debtor, for good faith actions taken by the employee in the course and scope of his employment. Cal. Labor Code § 2802.

Trial of the underlying case is currently set for May 22, 2019.

A copy of the current operative pleading against Claimant, the First Amended Complaint, is included.

Attachment page 2

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5/8/22  
dktd  
Bm

JIMMIE JOHNSON  
STATE BAR NO. 133252  
3700 WILSHIRE BOULEVARD  
SUITE 900  
LOS ANGELES, CA 90010  
(213) 632-5300  
ATTORNEYS FOR PLAINTIFFS

SUPERIOR COURT OF CALIFORNIA  
COUNTY OF LOS ANGELES, CENTRAL DISTRICT

Central Basin Municipal Water District, a Public Entity, ex rel. Leticia Vasquez, Qui Tam Plaintiff,	)	Case No. BC518653
	)	<b>FIRST AMENDED COMPLAINT</b>
	)	<b>FOR DAMAGES AND DEMAND</b>
	)	<b>FOR JURY TRIAL</b>
Plaintiffs,	)	
vs	)	1) <b>VIOLATIONS OF THE CALIFORNIA FALSE CLAIMS ACT</b>
	)	(Govt Code §12650 et seq.)
Sedgwick, Detert, Moran & Arnold, LLP; Buchalter Nemer, a Prof. Law; Corp.; Douglas E. Wance; Curtis Parvin; Art Aguilar; & Does 1 to 50,	)	2) <b>CONSPIRACY TO VIOLATE THE CALIFORNIA FALSE CLAIMS ACT</b>
	)	(Govt Code §12651(a)(3))
Defendants,	)	
	)	Assigned to Honorable Susan Bryant-Deason
	)	Department 52
	)	Action Filed: August 16, 2013
	)	Trial Date: None set

SUMMARY OF ACTION

A. This action is brought by Qui Tam Plaintiff Leticia Vasquez (hereinafter referred to as "Vasquez" and/or "Board Member Vasquez") in the name of the Central Basin Municipal Water District (hereinafter referred to as "Central Basin"), a California local Public Entity, pursuant to the California False

1 Claims Act (California Government code Section 12650 et seq.)  
2 and, more particularly, California Government Code Section  
3 12652(c)(1). The main office of the Central Basin is located in  
4 Los Angeles County at 6252 Telegraph Road, Commerce, California.  
5 Central Basin is a governmental agency authorized under Section  
6 71000 of the California Water Code for the purpose of providing  
7 an adequate supply of water within its service area.

8 B. On or about June 5, 2012, Vasquez ran for and was elected as a member of the governing  
9 Board of the Central Basin representing Division 4. On or about January 6, 2013, Vasquez was  
10 duly sworn in as a Board member of the Central Basin by United States Congresswoman Grace  
11 Napolitano.

12 C. Within days after her swearing-in ceremony Board member Vasquez learned from non-media  
13 and non-public sources that some millions of dollars of Central Basin funds were allegedly  
14 secretly, improperly, illegally and without authority transferred from one or more Central Basin  
15 bank accounts to one or more bank accounts exclusively owned, controlled and managed by  
16 Defendants Sedgwick, Deter, Moran & Arnold, LLP (hereinafter referred to as "Sedgwick") and  
17 Buchalter Nemer (hereinafter referred to as "Buchalter"), a Professional Law Corporation. As a  
18 result of Vasquez making various formal and informal inquiries she came to learn that no less  
19 than \$2,750,000 in Central Basin funds had been transferred to said law firms without any legal  
20 authority and without any benefit to the Central Basin. The \$2,750,000 has been referred to by  
21 Central Basin Board Member Art Chacon as the "Slush Fund". Hereinafter Plaintiff shall from  
22 time to time refer to these funds as the "Slush Fund". The funds sought to be recovered by this  
23 action belong exclusively to the Central Basin, a political subdivision of the State of California.

24 D. Board member Vasquez learned and alleges herein that monies to establish the Slush Fund  
25 were transferred from the Central Basin and the Slush Fund was created 1) in blatant disregard of  
26 and in violation the Brown Act, and 2) in blatant disregard of and in violation of the California  
27 False Claims Act (Government Code Section 12650 et seq.). The Slush Fund was created and  
28 kept secret by Defendants Douglas Eugene Wance (hereinafter "Wance") and Curtis Parvin



1 (hereinafter "Parvin"), attorneys who served as the General Counsel and principal legal advisors  
2 for the Central Basin, Art Aguilar (hereinafter "Aguilar"), former General Manager of the Central  
3 Basin, and one or more present or former Central Basin high ranking administrative staff who are  
4 designated herein as Doe Defendants 1 through 30 by various methods and means of false claims,  
5 fraud, use of false records and false statements, ruse, trickery, omissions, deceit, cunning,  
6 deception, theft, willful and deliberate ignorance of the truth, willful disregard of the truth,  
7 conspiracy and other presently unknown devices and artifices.

8 E. Wance and Parvin, acting as agents, employees and/or representatives of Sedgwick and  
9 Buchalter law firms with the assistance of Aguilar and Defendant Does 1 through 30 and  
10 Sedgwick and Buchalter conspired and agreed to conceal the theft and transfer of the subject  
11 funds from the public and from law enforcement authorities by among others, the following  
12 methods: 1) multiple violations of the Brown Act by failing and refusing to properly disclose said  
13 transfers and transactions on the Central Basin's public disclosures of its expenditures; 2)  
14 multiple violations of the Brown Act by failing and refusing to request or secure the vote of the  
15 Central Basin Governing board for said transfers and transactions; 3) multiple violations of the  
16 Brown Act by failing to disclose said transfers and transactions in any public meeting or forum of  
17 the Central Basin; 4) failing and refusing to have said transfers and transactions properly  
18 recorded in the meeting minutes of the Central Basin; 5) failing and refusing to secure Central  
19 Basin Governing Board resolutions or other authorizing documents approving or permitting said  
20 transfers and transactions; 6) failing and refusing to prepare and/or secure any written agreement  
21 or other written document authorizing said transfers and transactions or otherwise describing the  
22 purpose and use of said transfers and transactions; 7) using secret wire transfers to effect the  
23 transfer of the funds and failing and refusing to disclose the transfers on the public warrant runs  
24 normally used for the transfer of Central Basin funds; 8) failing and refusing to cooperate with  
25 members of the public and other Central Basin Board Members when reasonable inquiries were  
26 made about the existence of the Slush Fund; 9) initiating a sham investigation of the Slush Fund  
27 in an attempt to cover up and otherwise conceal and prevent public disclosure of the Slush Fund;  
28 10) failing and refusing to secure Central Basin Governing Board resolutions or other authorizing

documents approving or permitting contracts on behalf of the Central Basin when the law required such approval; 11) waiving the Central Basin's legal rights to challenge conflicts of interest and to demand loyalty from its attorneys, and 12) threatening, harassing and otherwise attempting to intimidate Board member Vasquez when she made inquiries and sought information about the origin, nature, control and use of the Slush Fund. Board member Vasquez is uncertain of exactly how the Slush Fund was expended, but is informed and believes, and thereon alleges, that said funds were used to unjustly enrich Defendants Wance, Parvin, Sedgwick, Buchalter and Does 1 through 30 and said Defendants' friends, relatives, affiliates, associates, and/or political allies or for other unlawful and unauthorized purposes.

F. Board Member Vasquez is an original source of the information about the illegal and unauthorized transfer of the \$2,750,000 in Central Basin funds to the two law firms as that term is used in Government Code §12652(d)(3)(B) and [C]. Board Member Vasquez has, in good faith, exhausted the existing internal procedures at the Central Basin for reporting and seeking recovery of the illegal and unauthorized transfer of the \$2,750,000 to the two law firms. The Central Basin has failed and refused to take any action to recover the funds within a reasonable period of time. By this action Board member Vasquez seeks to recover 1) the Slush Fund on behalf of the Central Basin pursuant to the California False Claims Act; 2) three times the amount of damages as authorized by Government Code §12651(a); 3) civil penalties; 4) reasonable costs and expenses; 5) attorney's fees, and 6) such other sums as authorized by law, including any appropriate percentage recoveries for her as a Qui Tam Plaintiff.

**FIRST CAUSE OF ACTION AGAINST SEDGWICK, DETERT, MORAN &  
ARNOLD LLP, DOUGLAS EUGENE WANCE, CURTIS PARVIN AND DOES 1 TO 20  
VIOLATIONS OF THE CALIFORNIA FALSE CLAIMS ACT  
(Govt. Code §12651(a))**

1. Plaintiff hereby realleges and incorporates herein by this reference each and every allegation contained in paragraphs A through F of the Summary of Action of this Complaint.
2. Plaintiff is informed and believes and thereon alleges that defendant Sedgwick is a professional law partnership conducting the practice of law in, among other places, the City and



1 County of Los Angeles, California and has offices located at 801 South Figueroa Street, 19<sup>th</sup>  
2 Floor, Los Angeles, California.

3 3. At all pertinent times alleged herein plaintiff is informed and believes, and thereon alleges,  
4 that defendant Wance was a licensed California attorney at law working as a partner, employee,  
5 agent and/or authorized representative for defendant Sedgwick. At all pertinent times alleged  
6 herein plaintiff is informed and believes, and thereon alleges that defendant Parvin was a licensed  
7 California attorney at law working as a partner, employee, agent and/or authorized representative  
8 for defendant Sedgwick. At all pertinent times alleged herein defendants Wance and Parvin were  
9 acting within the course and scope of their partnership, employment, agency or representation for  
10 and on behalf of defendant Sedgwick and with Sedgwick's full prior knowledge and consent.

11 4. Sometime prior to June 2010 the Central Basin Governing Board retained Sedgwick to  
12 provide legal services to the Central Basin. As part of that retention of services, Wance was  
13 designated by Sedgwick and the Central Basin as the principal attorney and primary contact  
14 person and General Counsel from Sedgwick for the Central Basin. Parvin, in conjunction with  
15 Wance, was also designated by Sedgwick to provide legal services and advice to the Central  
16 Basin.

17 5. While serving as General Counsel from Sedgwick Wance and Parvin, among other things,  
18 regularly prepared and assisted in the preparation of the public meeting agendas and closed  
19 session entries for the public meeting agendas for the Central Basin, attended Central Basin  
20 public meetings, gave general and specific legal advice to the Central Basin employees and staff  
21 especially with respect to the preparation of the Central Basin agenda, minutes of the Central  
22 Basin meetings and resolutions for the Governing Board of the Central Basin, represented the  
23 Central Basin in various litigation matters, attended Central Basin closed session meetings with  
24 the Governing Board and gave legal advice during said closed sessions, prepared documentation  
25 on behalf of the Central Basin and generally functioned as the Central Basin's principal attorneys  
26 and General Counsel and principal legal advisors. The Central Basin staff and Governing Board  
27 reasonably in good faith relied on and trusted Wance's and Parvin's legal advice and guidance  
28 with respect to the preparation and contents of its agendas, minutes of meetings and resolutions

1 of actions taken by the Governing Board.

2 6. Plaintiff is unaware of the true names and capacities of Defendants 1 to 30 and therefore sues  
3 said Doe Defendants using their fictitious identities. When plaintiff ascertains the true names  
4 and capacities of said Doe Defendants plaintiff will so inform the court and will seek leave to  
5 amend the complaint to state said true names and capacities. Plaintiff is informed and believes  
6 that said Doe Defendants 1 to 30, and each of them, are agents, employees, or otherwise  
7 representatives of defendants Sedgwick, Buchalter and/or the Central Basin. Plaintiff is  
8 informed and believes that said Doe Defendants 1 to 30, and each of them, are in some manner  
9 responsible for the wrongful conduct and damages alleged by plaintiff herein.

10 7. Sometime shortly before June 28, 2010 Defendant Wance, while acting as the Central Basin  
11 General Counsel, and/or Parvin also while serving as an attorney for the Central Basin, Aguilar  
12 and Defendant Does 1 to 5 and each of them knowingly prepared, or under their direct  
13 supervision and instruction knowingly caused to be prepared a false and erroneous closed session  
14 agenda item for the Central Basin public meeting of June 28, 2010. The false and erroneous  
15 closed session agenda item stated, "54956.9[c] Conference with Legal Counsel Anticipated  
16 Litigation - 1 Item". Pursuant to the direction and instruction of Wance, Parvin, Aguilar and  
17 Does 1 to 5, the agenda containing said false and erroneous closed session entry was published  
18 and otherwise disseminated to the public as the official notice of said meeting pursuant to the  
19 Brown Act. At the time of the preparation and dissemination of said agenda defendants Wance,  
20 Parvin, Aguilar and Does 1 to 5 were aware of the false and erroneous closed session entry and  
21 knowingly caused it to be published to the public. Specifically, Wance, Parvin, Aguilar and  
22 Does 1 to 5 knew that the real intention and purpose of the closed session anticipated litigation  
23 entry was to discuss ways and means to secretly transfer \$1 million to the Sedgwick law firm for  
24 unauthorized and undisclosed non-litigation purposes. Wance, Parvin, Aguilar and Does 1 to 5  
25 used the anticipated litigation exception to the Brown Act as a pretext and ruse so they would not  
26 have to publicly disclose their true intentions and purposes.

27 8. Wance, Parvin, Aguilar and Does 1 to 5, and each of them, used said false and erroneous  
28 June 28, 2010 closed session agenda entry as a basis to discuss ground water storage that would



1 otherwise have to be publicly disclosed on the agenda. Wance, Parvin, Aguilar and Does 1 to 5  
2 were aware that there was public opposition (that could defeat the \$1,000,000 payment) to the  
3 Central Basin using its resources for ground water storage and therefore decided to conceal this  
4 intention by using the litigation exception to the Brown Act to avoid disclosure. Wance, Parvin,  
5 Aguilar and Does 1 to 5 knowingly used the false closed session entry as a legal pretext and ruse  
6 to secretly transfer \$1 million from the Central Basin to a Sedgwick bank account without  
7 authorization from the Central Basin Governing Board and without disclosure of the \$1 million  
8 transfer to the public as required by law. The creation and use of said false closed session agenda  
9 entry was a "...false record or statement material to a false or fraudulent claim..." as those terms  
10 are used in the Government Code §12651(a)(2). The creation and use of said false closed session  
11 agenda entries formed the basis for said Defendants presentation of a false or fraudulent claim for  
12 payment or approval as those terms are in Government code §12651(a)(1). During the Central  
13 Basin closed session of June 28, 2010 Wance falsely advised the Central Basin Board that it was  
14 legal and proper to discuss and approve matters related to ground water storage under the  
15 description of "anticipated litigation". Wance was well aware that his advice was false and that  
16 such discussions and approval were required to be publicly disclosed. Plaintiff is informed and  
17 believes that the Board reasonably believed and relied on Wance's false legal advice.

18 9. On June 28, 2010 after the Central Basin Governing Board closed session Defendants Wance,  
19 Parvin, Aguilar and Does 1 to 5 falsely and erroneously reported to the public that during the  
20 closed session the Governing Board approved an action to provide resources for "ongoing  
21 litigation" pursuant to and consistent with the false closed session entry listed on the agenda and  
22 Wance's false legal advice regarding the propriety of having such discussion in closed session..  
23 As specified in more detail below, plaintiff is informed and believes and thereon alleges that  
24 Wance, Parvin, Aguilar and Does 1 to 5 used this false closed session report as a pretext, ruse  
25 and justification to unlawfully transfer \$1 million of Central Basin monies as prepaid legal  
26 expenses to a Sedgwick bank account without authority or approval of the Central Basin  
27 Governing Board. The false and erroneous report from closed session regarding the "ongoing  
28 litigation" was a "...false record or statement material to a false or fraudulent claim..." as those

1 terms are used in Government Code §12651(a)(2). The creation and use of said false and  
2 erroneous agenda entry and report from closed session formed the justification to give to Central  
3 Basin employees the task of actually transferring \$1,000,000 of Central Basin funds to a  
4 Sedgwick bank account.

5 10. Shortly after the June 28, 2010 Central Basin meeting defendants Wance and Parvin while  
6 acting as the Central Basin attorney, Aguilar and defendant Does 1 to 5 and each of them  
7 knowingly prepared, or under their direct supervision and instruction knowingly caused to be  
8 prepared, false and erroneous minutes for the Central Basin Agenda public meeting of June 28,  
9 2010. Those minutes falsely stated that the Governing Board had instructed its General manager  
10 to make resources available to Sedgwick for "ongoing litigation". The Governing Board  
11 members have denied that there was a vote to provide resources for ongoing litigation. The false  
12 and erroneous minutes of the June 28, 2010 meeting was a "...false record or statement material  
13 to a false or fraudulent claim..." as those terms are used in Government Code §12651(a)(2). The  
14 creation and use of said false and erroneous minutes formed the basis for said Defendants  
15 presentation of a false or fraudulent claim for payment or approval as those terms are used in  
16 Government Code §12651(a)(1).

17 11. On or about June 29, 2010 Wance, Parvin, while acting as attorneys for the Central Basin  
18 and employees, agents and representatives of Sedgwick and with Sedgwick's full knowledge and  
19 consent along with Aguilar and Does 1 to 5 caused \$1 million of Central Basin funds to be  
20 secretly paid by wire transfer to a Sedgwick law firm bank account without public disclosure in  
21 direct violation of the law and without approval or authority of the Central Basin Governing  
22 Board. Plaintiff is informed and believes that Wance, Parvin, Aguilar and Does 1 to 5 knowingly  
23 created false documents and unauthorized contracts and records or other false written authorities  
24 and presented the same to the Central Basin bank and knowingly falsely represented to the  
25 Central Basin bank that the transfer of the \$1 million to Sedgwick was authorized by the Central  
26 Basin Governing Board. Plaintiff is informed and believes that Wance, Parvin, Aguilar and Does  
27 1 to 5 falsely claimed that the Board voted in closed session on June 28, 2010 to authorize the  
28 transfer of the \$1 million to Sedgwick for ongoing litigation. Wance, Parvin, Aguilar and Does 1



1 to 5 intentionally used a secret wire transfer of funds instead of the normal Central Basin  
2 procedure of publicly disclosing the expenditure of the money on the public warrant run pursuant  
3 to the Brown Act. The creation and use of said false documents and unauthorized contracts and  
4 records or other false written authorities to effect the secret transfer of the \$1 million was a  
5 "...false record or statement material to a false or fraudulent claim..." as those terms are used in  
6 Government Code §12651(a)(2). The creation and use of said false documents and records or  
7 other false written authorities formed the basis for said Defendants presentation of a false or  
8 fraudulent claim for payment or approval as those terms are used in Government Code §  
9 12651(a)(1).

10 12. At the time that Wance, Parvin, Aguilar and Does 1 to 5 were taking the actions hereinabove  
11 described to secretly and without authority transfer \$1 million of Central Basin funds to the  
12 Sedgwick bank account, Sedgwick was fully aware of their actions and/or acted in deliberate  
13 ignorance of the truth or with reckless disregard for the truth.

14 13. After the secret transfer of the \$1 million from the Central Basin bank account to the  
15 Sedgwick bank account on June 29, 2010, the \$1 million remained unspent accruing interest in  
16 the Sedgwick bank account for four months. During this four month period the \$1 million was  
17 not used in any way for the benefit of the Central Basin. Plaintiff is informed and believes, and  
18 thereon alleges that the four months was a "no snitching" or "lookout" or "cooling off" period for  
19 Defendants Wance, Parvin, Aguilar and Does 1 to 5 to ascertain whether or not their secret,  
20 illegal and unauthorized transfer of \$1 million in Central Basin funds to Sedgwick and the  
21 creation of said Slush Fund would be detected or otherwise disclosed to the public or law  
22 enforcement officials.

23 14. Plaintiff is informed and believes, and thereon alleges, that after the expiration of the "no  
24 snitching" period on or about October, 2010 and continuing for the next several months  
25 thereafter, Defendants Wance, Parvin, Aguilar, Sedgwick and Does 1 to 5 started spending the \$  
26 1 million in Central Basin funds that had been secretly transferred to the Sedgwick bank account.  
27 Plaintiff is informed and believes that the \$1 million dollars was improperly and illegally paid  
28 without disclosure to or authorization from the Central Basin Governing Board to associates,

1 friends, political allies and other persons related to or otherwise associated with Defendants  
2 Wance, Parvin, Aguilar, Sedgwick and/or Does 1 to 5. Said funds were not used for ongoing  
3 litigation nor were said funds used for any lawful purpose properly authorized and disclosed by  
4 the Governing Board of the Central Basin. Plaintiff is informed and believes that approximately  
5 \$2,000,000 of the Slush Fund was paid to HDR Engineering for non-litigation purposes.

6 Plaintiff is further informed and believes that at the time of the payments to HDR Engineering  
7 David Cobb, a person with whom Wance had a romantic relationship and with whom Wance co-  
8 habited, was a principal partner or other influential agent or employee of HDR Engineering.

9 Wance failed and refused to disclose to the Central Basin his intimate and romantic relationship.

10 15. The defendants' actions as alleged herein with respect to illegally and without proper Central  
11 Basin Governing Board authorization and disclosure secretly transferring \$1 million of public  
12 funds for their own use and benefit and creation of said Slush Fund violated the California False  
13 Claims Act. Specifically, the defendants' actions violated the following provisions of the  
14 California Government Code:

15 a) §12651 (a)(1) Knowingly presents or causes to be presented a false or fraudulent claim for  
16 payment or approval;

17 b) §12651 (a)(2) Knowingly makes, uses, or causes to be made or used a false record or  
18 statement material to a false or fraudulent claim;

19 c) §12651 (a)(3) Conspires to commit a violation of this subdivision;

20 d) §12651 (a)(7) Knowingly makes, uses, or causes to be made or used a false record or  
21 statement material to an obligation to pay or transmit money or property to the state or to any  
22 political subdivision, or knowingly conceals or knowingly and improperly avoids, or decreases  
23 an obligation to pay or transmit money or property to the state or to any political subdivision; and

24 e) § 12651 (a)(8) Is a beneficiary of an inadvertent submission of a false claim, subsequently  
25 discovers the falsity of the claim, and fails to disclose the false claim to the state or the political  
26 subdivision within a reasonable time after discovery of the false claim.

27 16. In committing the actions and omissions alleged herein Defendants Wance, Parvin, Aguilar,  
28 Sedgwick and Does 1 to 5 and each of them conspired between and among themselves to and did



1 in fact violate the California False Claims Act and are thereby jointly and severally liable for all  
2 damages alleged pursuant to Government Code §12651[c].

3 17. Plaintiff is informed and believes and thereon alleges that Defendant Does 6 to 20, and each  
4 of them, are, pursuant to California Government Code §12651(a)(8), beneficiaries of an  
5 inadvertent submission of a false claim, who subsequently discovered the falsity of the claim, and  
6 failed to disclose the false claim to the Central Basin within a reasonable time after discovery of  
7 the false claim. Said Does 6 to 20 received some unknown portion of the \$<sup>1</sup>1 million that was  
8 secretly transferred from the Central Basin to the Sedgwick law firm. Accordingly, Defendant  
9 Does 6 to 20 have violated the California False Claims Act and are liable for damages alleged  
10 herein. (H)

11 18. As a direct and proximate result of the actions and omissions of the Defendants as alleged  
12 herein the Plaintiff is entitled to damages in the amount of no less than \$1 million as the recovery  
13 of the monies illegally taken from the Central Basin without proper legal authority or disclosure  
14 and based on false statements, false records and a fraudulent claim. Additionally, Plaintiff is  
15 entitled treble damages pursuant to Government Code §12651(a), costs and expenses of this  
16 action; a civil penalty of not less than five thousand five hundred dollars (\$5,500) and not more  
17 than eleven thousand ~~5~~ dollars (\$11,000) for each violation of the California False Claims Act.

18 19. As a direct and proximate result of the actions and omissions of the Defendants as alleged  
19 herein Qui Tam Plaintiff Vasquez is entitled to a percentage of the recovery of damages as  
20 provided by law. (88)

21 20. Plaintiff is also entitled to reasonable and necessary attorney fees incurred in initiating and  
22 prosecuting this action.

23 21. After hearing mention of a Slush Fund, Vasquez spent months attempting to cause the  
24 Central Basin to investigate the payments and to recover the money. Before filing this action  
25 Vasquez took several steps to investigate, to cause the Central Basin to investigate, and  
26 attempted to get the Central Basin to act to get a refund of the payments mentioned herein.  
27 Vasquez's reasonable efforts to have the Central Basin seek recovery of these funds include but  
28 are not limited to the following: